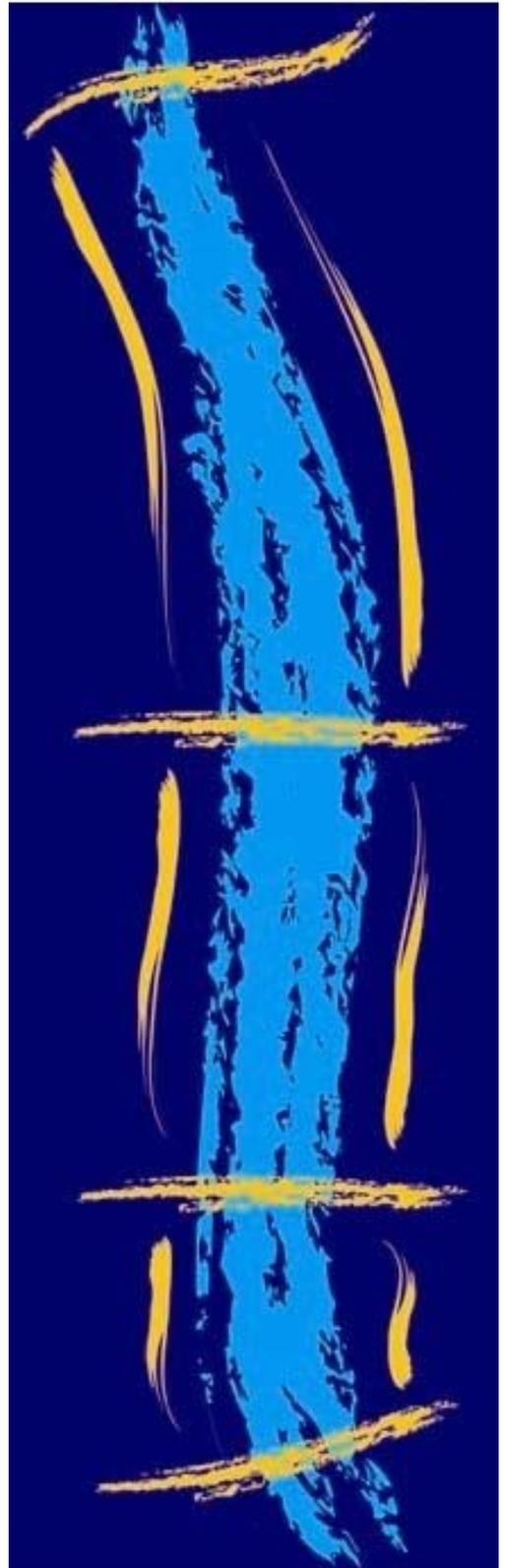


Above the Falls

Policy Review and
Implementation Study
(ATF-PRIS)

REPORT 3

Redevelopment Scenarios Analysis



1. Introduction

Part 1. Market Evaluation:

What is the realistic development potential of Above the Falls?

Part 1 of Phase 1B has already explored the level of market pressure for redevelopment of the ATF area (or portions of the ATF area) for different land uses that could drive large-scale redevelopment: residential, office and industrial. The market assessment included:

- An **area-wide market assessment** that explored and confirmed development trends and growth projections city- and region-wide.
- A **competitiveness assessment** that examined the opportunities and constraints of the ATF location, and elicited feedback from developers on the attractiveness of the area for future residential, commercial and industrial redevelopment.

A recap of Part 1 highlighting its primary findings follows in Section 2.

Part 2. Analysis of Alternate Redevelopment Futures:

How do the impacts of redevelopment differ by land use?

The focus of this document is a summary of Part 2 findings.

Based on the results of the market analysis, five simplified, single use prototypes (also called scenarios) were generated to reflect potential redevelopment patterns that could occur in the Above the Falls area.

- Two multifamily residential scenarios: low rise **condominium development** and **rental apartment development**.
- Three employment generating scenarios: a **corporate headquarters complex**, a **low rise office building**, and a mixed **industrial/office building**.

Section 3 describes each redevelopment prototype in more detail. Each redevelopment prototype is standardized to a one acre size in order to facilitate comparison between them. The analysis contained herein compares these prototypical redevelopment futures to better understand the following components of their redevelopment outcomes.

- **Financial viability:** what level of City intervention or subsidy, if any, would likely be needed for redevelopment to happen?
- **Economic impacts:** what level of new employment and households will likely be associated with redevelopment?
- **Fiscal impacts:** how is redevelopment likely to strengthen or weaken the City's budget?

2. Recap: Market Potential for Redevelopment

Demand Versus Supply

- **Minneapolis and the region are expected to grow, producing demand for further land consumption.** The market analysis shows that the 7-County metro area could expect to absorb 27 million square feet of office space and seven million square feet of industrial space over the next decade, based on employment growth projections. Projections reflect a 10 percent increase in jobs in the 7-County area between 2010 and 2020; About nine percent of new jobs (or about 15,000 jobs) will be located in Minneapolis, according to projections. The 7-County area is expected to add nearly 139,000 new households by 2020, including 8,800 households in Minneapolis by 2020 and over 15,000 households in the city between the present and 2030.
- **In the short to medium term, there appears to be ample capacity through existing land and existing buildings to accommodate new growth in Minneapolis, reducing redevelopment pressure outside locations preferred by the market.** The Land Capacity Analysis recently completed by the City of Minneapolis suggests that more than sufficient land exists through 2030 for residential and employment-generating development using infill and redevelopment sites, and without utilizing any land within the Above the Falls area for projected residential development. For office and industrial space, there is currently an over supply of existing buildings given current market conditions. 13.3 million square feet of multi-tenant office space is vacant in the metro area, 4.4 million square feet of which is in Minneapolis. The metro area also has 25 million square feet of vacant industrial space. Given weak redevelopment pressure, locations that are pioneering or less attractive will have difficulty competing against for development against more attractive locations.
- **Nevertheless, a limited supply of development ready sites may be constraining supply, particularly for industrial development.** The Land Capacity Analysis is based on identification of property which is both underutilized and properly zoned. Rehabilitation or redevelopment of Minneapolis property is, however, typically costly in comparison to Greenfield or property that has otherwise been made development-ready. Therefore the perception of land availability is not always present—particularly in sectors where the demand can't support a price premium that covers the extra cost of acquisition and site preparation.

2. Recap: Market Potential for Redevelopment

Residential Redevelopment

- **Multifamily is expected to be the primary driver of new residential development in Minneapolis.** The recently completed Land Capacity Analysis indicates that future household growth in the city will require over 21,000 new multi-family units by 2030, as new households desiring multifamily units will replace a net loss of households desiring single family housing. Given wider demographic trends, the general trend of rising fuel costs, and greater interest in higher density and multifamily living, it is possible that Minneapolis may be able to increase its capture of the metro area’s projected household growth given its success in creating an attractive environment for those seeking an urban lifestyle.
- **Portions of the Above the Falls area face significant challenges in attracting new residential development.** Although projected residential growth will be robust, other areas of the City are more attractive than the upper riverfront for new residential development because of greater existing amenities, better transit connectivity, and/or fewer demand dampeners. New residential development on the west side of the river is more challenging than on the east side because it is physically separated from the existing neighborhoods by the interstate, and there are fewer existing amenities. For this reason, residential development on the west side of the river would require a “critical mass” of new development in terms of both geographic area and households in order to make the area attractive to buyers and renters, and to support new retail, community, and transportation amenities. This increased need for context building requires a correspondingly greater up-front public investment. These findings were reinforced by the developers that participated in this study’s Developer Roundtable.

Office/Headquarters Redevelopment

- **Given past trends, professional and technical services, financial services and management of companies are industry sectors where the city will likely be able to capture a larger share of the metro area’s employment growth.** The market analysis indicated that these are industries where employment is expected to grow and the city has strategic advantages over neighboring communities. Opportunities for development of headquarters operations are hard to predict, but the unique needs of company management and headquarters operations may require facilities incompatible with the current excess supply of available multi-tenant office spaces, and where the flexibility and locational advantages offered by new development opportunities in Above the Falls may be attractive.
- **Above the Falls could potentially compete with strong suburban office markets.** The market analysis suggests a demand for 17 million square feet of new office construction in the 7 County Metro Area in the next decade, after existing excess supply is absorbed. While current available supply is likely to continue to dampen demand for new office construction in the short to medium term, the area has advantages that would allow it to effectively compete with prime suburban locations. These advantages include proximity to downtown, accessibility to a young, educated workforce residing in the city, highway access, availability of parking, and existing and planned waterfront amenities. However, the policy implications of expanding office development outside of the Central Business District needs to be further considered.

2. Recap: Market Potential for Redevelopment

Industrial Redevelopment

- **Current projections suggest continuing but limited new demand for industrial space.** Following assumptions made in the Land Capacity Analysis, this analysis suggests that about 16 percent of building space requirements to accommodate new employment growth in the seven county metro area will need to be industrial type space. In comparison, office space will require about 60 percent of new building space, the remainder comprised of other commercial, retail and educational/civic buildings. There is also significant vacant industrial space in the region that could be absorbed by new demand. However, some of this space may not suit the needs of future users, given demands for higher clear heights to meet modern warehousing requirements.
- **The upper riverfront is an attractive location for new industrial development.** Given the area's existing industrial infrastructure, highway access and close-in location, new space may be attractive for many certain industrial users within the region, even given limited industrial growth. This view was reinforced by discussion at the Developer Roundtable, although more detailed competitiveness analysis would be needed to more fully gauge the demand for industrial land with the infrastructure attributes that are offered by this location, and the level of building/employment density that is likely to be achieved with new industrial redevelopment.

Preservation of Existing PDR Uses

- **There is an intricate mix of production, distribution and repair (PDR) uses in the Above the Falls area.** The existing conditions analysis points to a diverse and fine grained pattern of strong, emerging and established businesses in the area, with the bulk of current employment found in a variety of manufacturing businesses. Anecdotal evidence suggests that the types of buildings available, transportation access, and proximity to downtown suppliers and customers may be supporting the existing business environment in Above the Falls.
- **A portion of the older buildings within the Above the Falls may be quite desirable to the market.** This trend appears to exist despite the growing obsolescence of some newer buildings. Although vacancy rates cannot be tracked for the study area properties on their own, the lowest vacancy rates for tracked industrial buildings in the metro area are the oldest buildings (built before 1960) with the lowest ceiling heights (lower than 13 feet). This trend is possibly due to their dwindling supply and their ability to be adapted to new uses. These features, combining the competitive locational advantages of Above the Falls and the cost competitiveness of the oldest industrial buildings, cannot likely be replicated in new construction. The findings therefore suggesting careful consideration of the viability of existing older buildings be considered as planning and implementation of the area's redevelopment advances.

3. Redevelopment Scenarios

Redevelopment Scenarios: Conceptual Points of Comparison

- The five redevelopment scenarios represent different prototypes for redevelopment that could drive redevelopment activity in the Above the Falls area.
- The scenarios are designed as simple, single land use concepts that aid in highlighting the differential characteristics and impacts of different types of redevelopment. They do not represent potential concepts for any specific area within Above the Falls.
- Redevelopment could likely include a mix of these different prototypes, as well as other ancillary uses (such as retail, hotel and/or public uses). The suitability of the prototypes for different areas within Above the Falls would vary; the market analysis highlights some of the locational opportunities and challenges associated with the development of these land uses.
- Characteristics and impacts examined for the redevelopment scenarios are presented on a per acre basis to aid in comparison.

Residential Scenarios

Residential Use Scenarios

Residential Prototype A: Condominiums

Building type: low rise multifamily building

Building structure: wood frame flats over parking

Parking: first floor podium, partially underground, 1.2 spaces per unit

Density: 50 units/acre

Average unit size: 1,200 sf

Financial analysis methodology: compares the estimated cost of construction and profit to the estimated sales value of the units to derive an estimated residual land value.

A note about retail: this building could accommodate ground floor neighborhood retail, if supported by the market. The financial analysis does not include ground floor retail. It is assumed that market-supported ground floor retail would have neutral to negative impact on residual value. A small increase in jobs, primarily retail and service oriented, would result from the addition of ground floor retail space



Example: Crescent Trace

Residential Prototype B: Rental Apartments

Building Type: low rise multifamily building

Building structure: wood frame stacked flats over parking

Parking: partially underground, 1 space per unit

Density: 55 units/acre

Average Unit size: 990 sf

Financial analysis methodology: compares the estimated cost of construction and profit to the capitalized value of the rental revenue once the project has reached a stabilized occupancy level.



Example: Bottineau Commons

3. Redevelopment Scenarios

Employment-Generating Use Scenarios

Prototype A: Tenanted Low-Rise Office Building

Building type: 4 story steel frame building

Parking: surface parking, about 3 spaces per 1,000 sf

Density/FAR: 0.80

Financial analysis methodology: compares the estimated cost of construction and profit to the capitalized value of the rental revenue once the project has reached a stabilized occupancy level. This comparison of revenues to costs provides a residual land value estimate and a property value used for tax assessment purposes.

A note about retail: this building could potentially include a small amount of ground floor retail if supported by market conditions. Potential ground floor retail is assumed to have a neutral or negative impact on residual land value and a minimal impact on employment.



Typical low rise office building

Prototype B: Mixed Office/Industrial

Building type: low rise building housing office space, showroom, and production space

Parking: surface parking, about 1.6 spaces per 1,000 sf

Density/FAR: 0.70

Financial analysis methodology: compares the estimated cost of construction and profit to the capitalized value of the rental revenue once the project has reached a stabilized occupancy level. This comparison of revenues to costs provides a residual land value estimate and a property value used for tax assessment purposes



Example: Standard Heating Building

Prototype C: Corporate HQ Operations - Management and R&D

Building type: low rise office building with specialized space for R&D/prototype production

Parking: 1.6 spaces per 1,000 sf

Density/FAR: 0.75

Financial analysis methodology: This scenario involves building requirements highly unique to the user's needs and may not be directly comparable to other industrial or office space that might be available for lease. Corporate users are likely to own their own buildings, built to reflect their specific needs, and make location decisions that go beyond cost comparison of options available in the market. Therefore, it is difficult to model the residual value land redeveloped for this purpose. An alternate approach is to consider the actual land values for a comparable projects.



Model: Coloplast Headquarters

4. Financial Feasibility

Methodology: Analysis of Residual Land Value

- This approach considers the builder's/developer's perspective on whether a project is financially worthwhile to invest in and build. A "feasibility gap" exists if the costs of redevelopment, including profit, are greater than the value of the project upon completion.
- It is a simple, preliminary analysis that roughly compares the anticipated cost of new development to the value of the project upon completion. **Costs** include all hard and soft building costs, and also incorporates the return on the project that the developer would need to receive in order to compensate for the risk involved in undertaking the project. The **project value** derives from the amount of revenue that the project is expected to generate, either by calculating sales prices (such as the sale of condominium units) or by valuing the building's annual net revenue stream using a capitalization rate.
- If the analysis indicates that expected revenues exceed costs, the difference (or "residual") is available to pay for all other costs associated with redevelopment, or represents additional profit available to the developer. If costs exceed revenues, the project is not financially feasible unless a source of subsidy is identified that makes up the gap and covers all other redevelopment costs.
- **This analysis does not incorporate land acquisition in the cost structure**, due to land costs that are likely to vary widely throughout the ATF area. Instead, the cost of land acquisition needs to be covered by the residual value, as well as costs for buyout or relocation of existing businesses, other site assembly costs, needed infrastructure improvements, environmental remediation, and any other costs needed to create a site that is ready for new development.

4. Financial Feasibility

Summary of Findings

- Low or negative residual values per acre indicate that all the land use prototypes would require substantial city assistance in acquiring and preparing sites for redevelopment. This lack of financial pressure for redevelopment is evident in the low level of redevelopment activity that has occurred in the past decade.
- Where and when there is market support, condominium development would likely have better financial performance than employment generating uses or rental projects. Estimated sales prices compared to development costs, and the density at which new projects are likely to be built, support their stronger performance.

Scenario	Per Acre Residual Land Value
Redevelopment: Employment Generating	
Low rise office space	(\$854,000)
Industrial: mixed office/production	(\$1,077,000)
Redevelopment: Residential	
Low rise multifamily condominium	\$254,000
Low rise apartment	(\$1,911,000)
Source: City of Minneapolis; BAE, 2010.	

Major Assumptions

- **Building assumptions** were considered as part of the redevelopment prototype generation process. Assumptions about building types and densities took into account existing examples of similar development that exist in and around Minneapolis that would be appropriate for the Above the Falls area given the market evaluation. Parking ratios and configuration (using surface parking or structures) consider current market practices in the area as well as city standards for parking provision.
- **Revenue assumptions** consider rents and sales prices that are considered achievable currently or in the short term future. If current market and economic conditions are preventing new projects from moving forward, assumptions reflect likely revenue targets once conditions improve. In other words, revenue inputs assume that conditions dampening new construction activity, such as foreclosures and high vacancy levels, no longer exist. Assumptions are based on analysis of recent market trends and averages, comparisons to existing projects that may be comparable, and feedback from local experts knowledgeable about market conditions. Often assumptions reflect a discount from comparable development products that are found in and around Minneapolis, but in more attractive locations (such as downtown).
- **Public investment considerations** also impact revenue assumptions. The revenue inputs assume that a sufficient level of public investment is made to improve the appearance and functioning of the area for new development. Although the cost or scope of these improvements is not identified, it is assumed that sufficient waterfront improvement, infrastructure and streetscape enhancements are in place to make redevelopment marketable.
- **Cost and building operating assumptions** also consider likely near term costs. Hard costs, including parking costs, consider per square foot estimates derived from a standard industry source (*RS Means Square Foot Costs: Residential, Industrial, Commercial, Institutional*. 2010), and are modified to reflect the feedback of local building experts on near term construction pricing.

5. Fiscal Impacts

Methodology: Fiscal Impacts Analysis

Review of Minneapolis budget: what revenue and expenditure categories are most impacted by development?

- The analysis used data from the Minneapolis FY 2011 Recommended Budget.
- Upon review of all budget funds, the analysis focused on the General Fund as the source of revenue and expenditure categories that would be most affected by new investment and a growing population of households and workers in Above the Falls.
- Our review isolated General Fund categories of revenues and costs to be further evaluated in the fiscal impact analysis. **Property taxes** comprise the main source of revenue that will grow directly in proportion with new investment in buildings; **franchise fees** paid by utilities for the privilege of using city rights of way will also increase proportionally as the number of utility customers increases with new development. There is no direct relationship between new populations or new development and the levels of **state and federal aid** received by the city, so these sources were not considered in the analysis. Various **municipal services** paid for through the general fund will also be affected by increasing numbers of residents and workers in the area. However, expenditures in areas such as regulatory services are expected to be roughly equal to additional revenues brought in through fees, fines, permits, etc. associated with new development, and therefore these revenue and expense categories are not included in the analysis.
- It is important to note that analysis focuses only on fiscal impacts to the City of Minneapolis and does not include Hennepin County and or Minneapolis Public Schools budgets.
- The fiscal impact analysis considers ongoing revenues and costs. Because the contemplated redevelopment will occur in a built out urban center, infrastructure is generally in place to support redevelopment, although it may need to be upgraded. More detailed evaluation of infrastructure needs and new facilities needed to maintain desired service levels should be examined when more detailed redevelopment planning for specific sites is undertaken.
- The graphic below identifies the General Fund revenue and expense categories included in the analysis.



General Fund Revenues Included	Reason for Inclusion
Property Taxes	Dependent on the value of each parcel, as well as the land use
Franchise Fees	Amount City collects based on profits of natural gas, electricity, and cable companies; modeled on an "average cost" basis

General Fund Expenditures Included	Reason for Inclusion
Fire Dept., Police Dept., Civil Rights Dept. Public Works	Increased needs for service based on an increased population; modeled on an "average cost" basis for the service population
Health & Family Support	Increased needs for service based on an increased population; modeled on a per capita "average cost" basis
General Government	Based on a percentage of the increase in administrative needs from development activity

5. Fiscal Impacts

Methodology: Fiscal Impacts Analysis

After determining the budget categories that will be expected to change in direct relationship to new development, the fiscal impact analysis includes the following steps.

Development of *Average Cost Metrics* based on calculation of service population

- Service population = entire resident population and half of the employment population of the City of Minneapolis (see table on right).
- Total costs in each category according to the FY 2011 recommended budget were divided by the service population to obtain a per unit average cost.

Service Population Assumptions	
City of Minneapolis	2010
2010 Population	384,997
2010 Employment	280,694
Service Population [a]	525,344

Notes:
[a] The service population is defined as the entire population plus one half of the employment.

Source: Claritas, Inc., 2010; U.S. Bureau of Labor Statistics, 2010; BAE, 2010.

Calculation of revenues associated with development activity under each prototype

- Property tax revenues were estimated by first identifying net tax capacity. Net tax capacity was calculated by multiplying the market value estimated in the financial calculations by fiscal disparity metrics. Resulting net tax capacity was multiplied by the City's tax rate.
- Franchise fee revenues were calculated using an average revenue metric, based on the same method as average cost calculation.

Calculation of municipal costs associated with each prototype based on level and type of development activity

- Fire department, police department, civil rights department, and public works expenditures calculated on an average cost basis.
- Health and family support expenditures calculated using average cost per capita (only residents).
- General government expenditures calculated using a ratio of general government expenditures to other expenditures impacted by development activity.
- The average per unit cost for each budget category can then be applied to the number of new workers and residents associated with each redevelopment prototype, on a per acre basis, to understand the differential service cost impacts under each prototype.

5. Fiscal Impacts

Summary of Findings

- High value redevelopment generally yields the greatest positive fiscal impact, due to the strong contribution of property tax revenue to the fiscal model.
- The relatively dense residential prototypes modeled, combined with the comparatively higher value that for residential sale properties can achieve over rentals or commercial properties, yield comparatively high property values per acre for the condominium prototype.
- Fiscal disparity contributions also limit the tax revenue received from commercial and industrial redevelopment, and increase the fiscal attractiveness of residential projects despite the higher per acre costs associated with a larger service population.
- The factors of higher rents and relatively higher development intensities contributes to the stronger fiscal performance of the office and corporate HQ prototypes over the industrial redevelopment prototype.
- Appendix B provides additional detail on the development of revenue and service cost calculations for the redevelopment scenarios.

Fiscal Impacts Analysis: Summary of Redevelopment Scenarios						
Scenario	Property Value Per Acre	Fiscal Impact Per Acre				
		New Service Population	Estimated Revenues	Estimated Service Costs	Net Impact	
Employment Generating						
Corporate HQ - R&D, management	\$3,218,000	45	\$31,930	\$24,350	\$7,580	
Low rise office space	\$3,942,000	70	\$39,980	\$37,880	\$2,100	
Mixed office/showroom/production	\$1,470,000	40	\$15,420	\$21,640	(\$6,220)	
Residential						
Low rise condominium (multifamily)	\$13,800,000	100	\$100,630	\$55,190	\$45,440	
Low rise apartment	\$5,558,000	110	\$53,810	\$60,710	(\$6,900)	

Source: City of Minneapolis FY 2011 Recommended Budget, 2010; BAE, 2010.

Additional Notes and Caveats

- The average cost basis methodology is appropriate for conceptual level, comparative analysis, but it has its limitations. The unit cost metric averages all costs to provide a service City-wide, and doesn't take into account the specific needs of a particular geography or the specific impact of a particular development. For example, it doesn't consider the point at which the need for new facilities (such as a new fire station) are triggered in a specific area to maintain current service levels, nor does it consider potential diminishing marginal costs to provide the same level of service to an area experiencing increased development activity. These per acre metrics are useful for comparison but should not be used to assess the impacts of development on a larger scale.
- Property values for the corporate HQ prototype represent actual per acre property values for Coloplast, while the remaining property values were calculated as part of the financial analysis exercise as the value of the development once completed. Property values were generally discounted from financial analysis exercise based on input from assessors office.
- Other than Coloplast, property values are derived from the financial feasibility analysis, and may differ from the methodology used by the Assessor's office.

6. Job and Population Density

Summary of Findings

- Office uses produce more jobs per acre than industrial uses because the density of jobs within an office building is generally higher, in addition to the more intensive use of land (ie, higher FAR) for office buildings over industrial buildings.
- Residential buildings may also produce a small number of jobs on site, but insignificant in comparison to the employment levels in the employment-generating prototypes analyzed.
- In addition to jobs on site, new development will also produce employment multiplier impacts from the economic activity generated by new business (indirect job creation) and from the household spending of new workers and residents (induced job creation).
- More detailed analyses of the economic impacts of redevelopment should also investigate the wage levels of the types of jobs contemplated by new development, their match to the skill and education levels of current residents, and the accessibility of jobs to workers who will likely be qualified to fill them.

Job and Population Density			
Scenario	Per Acre		
	Jobs [a]	Residents [b]	Service Population
Redevelopment: Employment Generating			
Corporate HQ	90	0	45
Low rise office space	140	0	70
Industrial: mixed office/production	80	0	40
Redevelopment: Residential			
Low rise multifamily condominium	0	100	100
Low rise apartment	0	110	110
Notes:			
a. The estimated jobs for each scenario refer only to jobs directly created by development, or in the case of the baseline reference, a current estimate of jobs found on site. Estimates for redevelopment scenarios were derived from the City of Minneapolis' Developable Land Decision Framework Methodology.			
d. Resident estimate calculated based on projected new households directly created through new housing development. The model assumes an average of 2.0 residents per new household for multifamily dwelling unit.			
Source: City of Minneapolis; BAE, 2010.			

Methodology

Calculating employment density for new development relies on the following assumptions, used in the CPED Developable Land Decision Framework Methodology:

- Office space: 228 net square feet per worker
- Industrial and R&D space: 433 net square feet per worker

The corporate HQ and mixed industrial prototypes assume a mix of densities based on the proportion of building area allocated to each use, as identified in the financial pro formas.

It is important to note that these are averages based on the benchmarks used. Actual employment may be lower if space is not fully occupied or if space configurations differ from the benchmarks. For example, anecdotal comparison to employment figures reported by InfoUSA, a private vendor of data by business establishment, finds lower employment numbers than the estimates above.

The analysis also assumes a new household for each new housing unit, with the an average of two residents per unit.

7. Baseline Conditions in Above the Falls

Summary of Findings

- There are several notable employers within the baseline area, but the density of jobs for the commercial/industrial areas of the baseline is significantly lower than in any of the employment-generating redevelopment impact analysis.
- Not surprisingly, per acre property values are also lower in the baseline than in any of the redevelopment prototypes, reflecting the mix of older buildings and the less intensive land use pattern in the existing condition than in the redevelopment prototypes.
- Applying the same techniques used for the redevelopment prototypes, the baseline area has a roughly “break even” relationship between the revenues it produces for the general fund and the estimated municipal service costs.

	Total by Property Classification						Per Acre by Property Classification				
	Number of Properties	Total Acreage	Assessed Value (\$)			Residents [d]	Total Assessed Value [e]	Jobs [c]	Resi- dents [d]	Net Fiscal Impact [f]	
			Land	Improve- ments	Total						
Residential [a]	25	2.7	\$240,500	\$1,870,900	\$2,111,400	0	60	\$779,145	10	20	
Commercial/Industrial [b]	18	22.7	\$5,250,600	\$9,418,200	\$14,668,800	151	0	\$645,116	10		
Total Residential and Commercial/Industrial	43	25.4	\$5,491,100	\$11,289,100	\$16,780,200	151	60	\$1,424,261	10	20	(\$1,714)
Total Baseline Area Including Vacant and ROW	60	37.7									

Notes:

a. Includes all houses and two vacant residential lots within the baseline geography

b. Includes all properties with improvements other than residential within the baseline geography.

c. Estimated direct employment on industrial/commercial properties calculated using geo-coded InfoUSA data. Jobs per acre reflects commercial/industrial acreage only.

d. Estimated households assumes one household for each residential property, excluding vacant residential land, and 2.7 persons per household (reflecting average household size in the Above the Falls residential study area). Residents per acre reflects residential acreage only.

e. Based on City of Minneapolis property tax records. Does not reflect any property tax exemptions.

f. Net fiscal impact refers to the difference between selected General Fund revenues generated from property taxes and the estimated General Fund expenditures for municipal services to the same amount of development. Methodology and findings are further described as part of the fiscal impact analysis. Analysis based on assessed value and does not reflect any tax exemptions.

Source: City of Minneapolis; BAE, 2010

8. Summary

Comparative Summary of Redevelopment Conditions and Impacts

- The following table summarizes the findings presented in earlier sections.
- Additional tables with more detailed financial and fiscal impacts are found in Appendix A and B.

Summary of Feasibility and Impacts for Redevelopment Scenarios					
Scenario	Per Acre				Net Fiscal Impact [e]
	Residual land value [a]	Property Value [b]	Jobs [c]	Residents [d]	
Redevelopment: Employment Generating					
Corporate HQ - R&D, management	N/A	\$3,218,000	90	0	\$8,000
Low rise office space	(\$854,000)	\$3,942,000	140	0	\$2,000
Industrial: mixed office/production	(\$1,077,000)	\$1,470,000	80	0	(\$6,000)
Redevelopment: Residential					
Low rise multifamily condominium	\$254,000	\$13,800,000	0	100	\$45,000
Low rise apartment	(\$1,911,000)	\$5,558,000	0	110	(\$7,000)
Notes:					
a. Residual land value for redevelopment scenarios describes land value after redevelopment as the difference between the sales value after development compared to the costs of development. Development costs include developer profit but exclude any off-site improvements or extraordinary sitework such as environmental remediation.					
b. Property value refers to the value of the land and improvements based on the financial analysis. For the Corporate HQ scenario where no financial analysis was performed, it equates to the value of Coloplast according to City tax records.					
c. The estimated jobs for each scenario refer only to jobs directly created by development, or in the case of the baseline reference, a current estimate of jobs found on site. Estimates for redevelopment scenarios were derived from the City of Minneapolis' Developable Land Decision Framework Methodology.					
d. Resident estimate calculated based on projected new households directly created through new housing development. The model assumes an average of 2.0 residents per new household for multifamily dwelling unit.					
e. Net fiscal impact refers to the difference between selected General Fund revenues generated from development and the estimated General Fund expenditures for municipal services to the same amount of development. Methodology and findings are further described as part of the fiscal impact analysis.					
Source: City of Minneapolis; BAE, 2010.					

Appendix A: Financial Analysis Details

Financial Analysis: Residential Prototype A (Condominium Development)

PROJECT DETAILS	
Site Size (Net Acres)	1.0
Building Type	low rise multifamily condominium
Density (DUA)	50
Total Number of Units	50
Avg. Unit Size (Sq. Ft.) [a]	1,200
Net Square Footage	60,000
Common Area %	12%
Gross Square Footage	68,182
Parking Ratio [b]	1.2
Number of Parking Spaces	60
Square Footage per Space	300
Square Footage of Parking Structure	18,000
Average Sales Price (psf) [f]	\$230
Average Sales Price (per unit)	\$276,000

COST ASSUMPTIONS	
Hard and Soft Costs	
Residential Hard Construction Costs (psf) [c]	\$115
Parking Cost (psf) [e]	\$67
Parking Cost (per space)	\$20,000
Other Soft Costs (as % of hard & site costs)	18%
Developer Profit (as % of Total Dev. Cost)	20%
Financing Costs	
Interest Rate	7.0%
Period of Initial Loan (Months)	18
Initial Construction Loan Fee (Points)	0.02
Average Outstanding Balance	60%
Loan to Cost Ratio	70%

DEVELOPMENT COSTS	
Hard and Soft Costs	
Residential Construction Costs	\$7,840,909
Parking Construction Costs	\$1,200,000
Soft Costs	\$1,627,364
Financing Costs	
Interest on Construction Loan	\$470,471
Points on Construction Loan	\$149,356
Developer Profit	\$2,257,620
Total Development Cost	\$13,545,719
TDC Per Unit	\$270,914
TDC Per Square Foot	\$226

LAND VALUE ANALYSIS	
Total Value	
Total Property Value [g]	\$13,800,000
Total Sales Value	\$13,800,000
Minus Total Development Cost	(\$13,545,719)
Residual Land Value	\$254,281
Per Acre Value	
Property Value	\$13,800,000
Residual Land Value	\$254,281

Notes:

- Based on average size of condo units sold in Minneapolis post-2000. This model assumes a mix of 50% one bedrooms and 50% two bedrooms.
- Parking ratio considered marketable based on discussions with local developers. Recent multi-family construction in the City of Minneapolis has 1.6 to 1.7 parking spaces per unit (e.g. Four Sacks Flats, 1901 Lofts).
- Based on conversations with local developers. Does not include extraordinary site work, remediation, or infrastructure beyond curb. Costs are lower than estimates derived from RS Means.
- omitted
- Based on conversations with local developers. Assumes reinforced concrete podium parking garage partially underground.
- Average sales price based on recent sales on new buildings (built since 2006) in downtown, discounted to reflect location.
- Property value assumed to equal the total sales value.

Sources: R.S. Means, local developers, City of Minneapolis; BAE, 2010

Appendix A: Financial Analysis Details

Financial Analysis: Residential Prototype B (Rental)

PROJECT DETAILS	
Site Size (Acres)	2.0
Building Type	low rise multifamily rental
Density (DUA)	55
Total Number of Units	110
Average Unit Size [a]	990
Net Square Footage	108,900
Common Area Percentage	12%
Total Gross Square Feet	123,750
Number of Stories	4
Parking Spaces Per Unit [b]	1
Total Parking Spaces (Structured Parking)	110
Parking Ratio (Sq. Ft. per Space)	300
Parking Structure Size, Sq. Ft.	33,000
Average Monthly Lease Rate, Per Sq. Ft [c]	\$1.40
Average Monthly Lease Rate, Per Unit	\$1,386
Cap Rate [d]	7.5%

COST ASSUMPTIONS	
Hard and Soft Costs	
Construction Costs/Sq. Ft. [e]	\$95
Parking Cost (psf) [f]	\$67
Parking Cost (per space)	\$20,000
Other Soft Costs (as % of hard & site costs)	18%
Developer Profit (as % of Total Dev. Cost)	6%
Financing Costs	
Interest Rate	7%
Period of Initial Loan (Months)	12
Initial Construction Loan Fee (Points)	0.02
Average Outstanding Balance	60%
Loan to Cost Ratio	70%

Notes:

- Average unit size based on typical unit size and mix at Bottineau Commons
- Parking ratio considered marketable based on of comparable properties and conversations with local developers; rent reflects location but inflated
- Based on review of LoopNet recent properties.
- Based on RS Means estimates for a wood-framed building made of stucco with concrete block.
- Source: local developers.
- [check source] Based on GVA Marquette rental vacancy rate for the City of Minneapolis in 2nd Quarter of 2009.
- Based on industry assumptions.
- Property value adjusted downward to reflect assessors assumptions of current achievable rents.
Source: RS Means, City of Minneapolis, Northmarq, local developers; BAE, 2010.

DEVELOPMENT COSTS	
Hard and Soft Costs	
Construction Costs	\$11,756,250
Parking Costs	\$2,200,000
Other Soft Costs	\$2,512,125
Financing Costs	
Interest on Construction Loan	\$484,170
Points on Construction Loan	\$230,557
Developer Profit	\$1,030,986
Total Development Cost	\$18,214,089
TDC per unit	\$165,583

Land Value Analysis	
NOI	
Annual Lease Revenue	\$1,829,520
Less Vacancy [g]	6% \$109,771
Less Operating Expenses [h]	35% \$640,332
Net Operating Income	\$1,079,417
Value	
Property Value [i]	\$11,116,512
Capitalized Value	\$14,392,224
Less Development Costs	\$18,214,089
Residual Land Value	(\$3,821,865)
Per Acre Value	
Property Value	\$5,558,256
Residual Land Value	(\$1,910,932)

Appendix A: Financial Analysis Details

Financial Analysis: Job Generating Scenario Prototype A (Office Building)

PROJECT DETAILS	
Site Size (Acres)	2.2
Building Type	tenanted office space, low rise
Density (FAR) [a]	0.80
Buildable Gross Square Feet	76,700
Number of Stories	4
Building Floorplate, Square Feet	19,175
Net Leaseable Space, Percentage	90%
Net Leaseable Space	69,030
Parking Ratio (square feet per space) [b]	300
Number of Surface Parking Spaces [b]	242
Size of Parking Lot	72,700
Lease Rate (Annual/Sq. Ft. NNN) [c]	\$18.00
Cap Rate [f]	8.5%

COST ASSUMPTIONS	
Hard and Soft Costs	
Construction Costs/Sq. Ft. [d]	\$140
Tenant Improvement Allowances (per sq. ft.)	\$0
Cost/Parking Space [e]	\$1,375
Other Soft Costs (as % of hard & site costs)	15%
Developer Profit (as % of Total Dev. Cost)	8%
Financing Costs	
Interest Rate	7%
Period of Initial Loan (Months)	12
Initial Construction Loan Fee (Points)	0.02
Average Outstanding Balance	60%
Loan to Cost Ratio	65%

DEVELOPMENT COSTS	
Hard and Soft Costs	
Construction Costs	\$10,738,000
Tenant Improvement Allowances	\$0
Parking Costs	\$333,208
Other Soft Costs	\$1,660,681
Financing Costs	
Interest on Construction Loan	\$347,581
Points on Construction Loan	\$165,515
Developer Profit	\$1,059,599
Total Development Cost	\$14,304,584
TDC per Sq. Ft.	\$187

Land Value Analysis		
NOI		
Annual Lease Revenue		\$1,242,540
Less Vacancy	10%	\$124,254
Less Operating Expenses	5%	\$62,127
Net Operating Income/Year		\$1,056,159
Value		
Property Value [g]		\$8,673,416
Capitalized Value		\$12,425,400
Less Development Costs		\$14,304,584
Residual Land Value		(\$1,879,184)
Per Acre Value		
Property Value		\$3,942,462
Residual Land Value		(\$854,174)

Notes:

- FAR calculation estimated on general basis by estimating maximum building sf for a four story building meeting on site surface parking requirements.
- The City of Minneapolis requires one parking space for every 300 sf of gross office space less 4,000 sf
- Based on comps by Northmarq in the West suburban market - the average is \$16.38, class A ranges from \$15 to \$22, most around \$16-18. Leases tend to be net of insurance, real estate taxes, operating expenses and utilities.
- Based on conversations with local developers. Building cost estimate assumes a steel frame structure with glass and metal curtain wall exterior. Building includes standard interior finishings, two passenger elevators, stairwells, carpeting, toilet and service fixtures, gas fire and water heater, fire protection sprinkler system.
- Source: RSMeans. Estimate assumes 4" bituminous paving and 6' gravel base and includes materials and installation.
- Based on cap rate reported in Northmarq July 2010 Investment & Capital Market report.
- Property value adjusted downward to reflect assessors assumptions of current achievable rents.

Source: RS Means, City of Minneapolis, Northmarq, local developers; BAE, 2010.

Appendix A: Financial Analysis Details

Financial Analysis: Job Generating Scenario Prototype B (Mixed Office/Industrial)

PROJECT DETAILS			
Site Size (Acres)			1.7
Building Type		single tenant low rise industrial with office	
Commercial Assumptions			
Density (FAR) [a]			0.70
Total Gross Sq. Ft.			45,000
Office Gross Sq. Ft.	30%		13,500
Warehouse/Light Industrial Gross Sq. Ft.	70%		31,500
Net Leaseable Area			
Office	100%		13,500
Warehouse/Light Industrial	100%		31,500
Parking [b]			
Office Sq. Ft./Parking Space		300	
Industrial Sq. Ft./Parking Space		1,000	
Number of Parking Spaces (Surface)			
			63
Parking Area Per Space, Sq. Ft.			
			300
Parking Area, Sq. Ft.			
			18,950
Office Rent (Annual, per rsf, net rent) [c]			
			\$12.00
Warehouse/Light Industrial Rent (annual, per ref, net) [c]			
			\$5.00
Cap Rate [g]			
			8.5%

COST ASSUMPTIONS			
Hard and Soft Costs			
Construction Costs, Office, per Sq. Ft. [d]			\$110
Construction Costs, Industrial, per Sq. Ft [e]			\$75
Tenant Improvement Allowances (per sq. ft.)			\$0
Cost/Parking Space [f]			\$1,375
Other Soft Costs (as % of hard & site costs)			15%
Developer Profit (as % of Total Dev. Cost)			8%
Financing Costs			
Interest Rate			7%
Period of Initial Loan (Months)			12
Initial Construction Loan Fee (Points)			0.02
Average Outstanding Balance			60%
Loan to Cost Ratio			70%

DEVELOPMENT COSTS			
Hard and Soft Costs			
Building Costs, Office			\$1,485,000
Building Costs, Industrial			\$2,362,500
Tenant Improvement Allowances			\$0
Parking Costs			
			\$412,500
Soft Costs			
			\$639,000
Financing Costs			
Interest on Construction Loan			\$144,031
Points on Construction Loan			\$68,586
Developer Profit			
			\$290,129
Total Development Cost			
			\$5,401,746
TDC per Sq. Ft.			
			\$120.04

Land Value Analysis			
NOI			
Annual Lease Revenue			\$319,500
Less Vacancy	0%		\$0
Less Operating Expenses	5%		\$15,975
Net Operating Income/Year			\$303,525
Value			
Capitalized Value			\$3,570,882
Property Value [h]			\$2,499,618
Less Development Costs			\$5,401,746
Residual Land Value			(\$1,830,864)
Per Acre Value			
Property Value			\$1,470,363
Residual Land Value			(\$1,076,979)

a. Typical of a two story building, such as Standard Heating headquarters. FAR reflects doubling the gross sf for double height warehouse space. Source: CPED Planning Division Report for Standard Heating's zoning application #BZZ-4060.

b. Based on market requirements, but higher than parking requirements found in City of Minneapolis zoning requirements.

c. Based on comps provided by Northmarq. Rent is "Net" which excludes property tax, utilities, operating expenses, and insurance, all of which the tenant is responsible for directly or as additional rent.

d. Source: local developers.

e. Source: Local developers.

f. Source: RSMMeans, estimate assumes 4" bituminous paving and 6' gravel base, includes materials and installation.

g. Source: Northmarq, local developers.

h. Property value discounted 70 percent from assessors value to reflect more conservative assessment assumptions
Source: RS Means, City of Minneapolis, Northmarq, local developers; BAE, 2010.

Appendix B: Fiscal Impact Details

Fiscal Impact: Breakdown by Revenue and Expenditure Categories by Scenario

	Baseline	Condominium	Apartment	Job	Job	Job
Revenues	Reference	Scenario	Scenario	Generating	Generating	Generating
				HQ	Office	Office/ Industrial
Property Taxes	\$11,030	\$95,358	\$48,009	\$29,559	\$36,287	\$13,315
Franchise Fees	\$1,055	\$5,275	\$5,802	\$2,374	\$3,692	\$2,110
Total	\$12,085	\$100,633	\$53,812	\$31,932	\$39,979	\$15,425
Expenditures						
General Government [a]	\$2,803	\$11,211	\$12,332	\$4,946	\$7,693	\$4,396
Public Works	\$2,000	\$7,998	\$8,798	\$3,599	\$5,599	\$3,199
Fire Department	\$2,583	\$10,330	\$11,363	\$4,649	\$7,231	\$4,132
Police Department	\$6,097	\$24,388	\$26,827	\$10,975	\$17,072	\$9,755
Civil Rights	\$100	\$401	\$441	\$180	\$280	\$160
Health & Family Support	\$217	\$866	\$953	\$0	\$0	\$0
Total	\$13,799	\$55,195	\$60,714	\$24,348	\$37,875	\$21,643

Notes:

[a] General government includes Assessor, Attorney, City Council/Clerk/Elections, Mayor, Human Resources, Finance, City Coordinator, Intergovernmental Relations, Communications, Internal Audit, Neighborhood and Community Relations, and CPED.

Source: City of Minneapolis FY 2011 Recommended Budget, 2010; BAE, 2010.

Projected Property Tax Revenues from New Development

	Baseline	Condominium	Apartment	Job	Job	Job
	Scenario	Scenario	Scenario	Generating	Generating	Generating
				HQ	Office	Office/ Industrial
Estimated Market Value per Acre	\$1,424,261	\$13,800,000	\$5,558,256	\$3,218,423	\$3,942,462	\$1,470,363
Class Rate [a]	1.0, 1.5%, 2.0%	1.0%	1.25%	1.5%, 2.0%	1.5%, 2.0%	1.5%, 2.0%
Net Tax Capacity	\$12,152	\$138,000	\$69,478	\$63,618	\$78,099	\$28,657
Fiscal Disparity Contribution [b]	(\$4,423)	N/A	N/A	(\$23,157)	(\$28,428)	(\$10,431)
Fiscal Disparity Distribution [c]	\$442	N/A	N/A	\$2,316	\$2,843	\$1,043
Net Tax Capacity after Contribution and Distribution	\$15,963	\$138,000	\$69,478	\$42,777	\$52,514	\$19,269
City of Minneapolis Property Tax Rate [d]	69.10%	69.10%	69.10%	69.10%	69.10%	69.10%
Total New Property Tax Revenues	\$11,030	\$95,358	\$48,009	\$29,559	\$36,287	\$13,315

Notes:

[a] Class rate is determined by the type of use. For commercial and industrial uses, the first \$150,000 of value is multiplied by 1.5%; any value after the original \$150,000 is multiplied by 2.0%. For residential uses, the entire market value is multiplied by 1.0%. For the baseline scenario, it is assumed that 92% of the acre is commercial, industrial, or vacant- the same ratio of land use for the entire area, and 8% of the acre is residential. The net tax capacity of the acre's residential portion is added in after the fiscal disparity contribution and distribution are calculated.

[b] The Watershed District where Above the Falls is located contributes 36.1% of its net tax capacity.

[c] Approximately 10% of the Fiscal Disparity Contribution is returned.

[d] This is the 2010 property tax rate.

Source: City of Minneapolis, 2010; BAE, 2010.

Appendix B: Fiscal Impact Details

Projected Franchise Fee Revenues from New Development

<u>FY 2011 General Fund Revenues</u>	<u>Baseline Reference</u>	<u>Condominium Scenario</u>	<u>Apartment Scenario</u>	<u>Job Generating HQ</u>	<u>Job Generating Office</u>	<u>Job Generating Office/Industrial</u>
Franchise Fees	\$27,710,000	\$27,710,000	\$27,710,000	\$27,710,000	\$27,710,000	\$27,710,000
Total Service Population [a]	525,344	525,344	525,344	525,344	525,344	525,344
Franchise Fee Revenue per Service Population	\$52.75	\$52.75	\$52.75	\$52.75	\$52.75	\$52.75

Net New Franchise Fee Expenditures from New Development

Net New Service Population [b]	20	100	110	45	70	40
Total New Franchise Fee Revenue from New Development	\$1,055	\$5,275	\$5,802	\$2,374	\$3,692	\$2,110

Notes:

[a] The total service population is defined as the total resident population plus one half of the employment.

[b] The net new service population is defined as the total new resident population as a result of development plus one half of the new employment population as a result of development.

Source: City of Minneapolis FY 2011 Recommended Budget; BAE, 2010.

Projected Police Department Expenditures from New Development

<u>FY 2011 General Fund Expenditures</u>	<u>Baseline Reference</u>	<u>Condominium Scenario</u>	<u>Apartment Scenario</u>	<u>Job Generating HQ</u>	<u>Job Generating Office</u>	<u>Job Generating Office/Industrial</u>
Police Department	\$128,122,770	\$128,122,770	\$128,122,770	\$128,122,770	\$128,122,770	\$128,122,770
Total Service Population [a]	525,344	525,344	525,344	525,344	525,344	525,344
Police Department Expenditures per Service Population	\$244	\$244	\$244	\$244	\$244	\$244

Net New Police Department Expenditures from New Development

Net New Service Population [b]	25	100	110	45	70	40
Total New Police Department Expenditures from New Development	\$6,097	\$24,388	\$26,827	\$10,975	\$17,072	\$9,755

Notes:

[a] The total service population is defined as the total resident population plus one half of the employment.

[b] The net new service population is defined as the total new resident population as a result of development plus one half of the new employment population as a result of development.

Source: City of Minneapolis FY 2011 Recommended Budget; BAE, 2010.

Projected Fire Department Expenditures from New Development

<u>FY 2011 General Fund Expenditures</u>	<u>Baseline Reference</u>	<u>Condominium Scenario</u>	<u>Apartment Scenario</u>	<u>Job Generating HQ</u>	<u>Job Generating Office</u>	<u>Job Generating Office/Industrial</u>
Fire Department	\$54,269,202	\$54,269,202	\$54,269,202	\$54,269,202	\$54,269,202	\$54,269,202
Total Service Population [a]	525,344	525,344	525,344	525,344	525,344	525,344
Fire Department Expenditures per Service Population	\$103	\$103	\$103	\$103	\$103	\$103

Net New Fire Department Expenditures from New Development

Net New Service Population [b]	25	100	110	45	70	40
Total New Fire Department Expenditures from New Development	\$2,583	\$10,330	\$11,363	\$4,649	\$7,231	\$4,132

Notes:

[a] The total service population is defined as the total resident population plus one half of the employment.

[b] The net new service population is defined as the total new resident population as a result of development plus one half of the new employment population as a result of development.

Source: City of Minneapolis FY 2011 Recommended Budget; BAE, 2010.

Appendix B: Fiscal Impact Details

Projected Public Works Expenditures from New Development

	Baseline Reference	Condominium Scenario	Apartment Scenario	Job Generating HQ	Job Generating Office	Job Generating Office/ Industrial
FY 2011 General Fund Expenditures						
Public Works Department	\$42,017,375	\$42,017,375	\$42,017,375	\$42,017,375	\$42,017,375	\$42,017,375
Total Service Population [a]	525,344	525,344	525,344	525,344	525,344	525,344
Public Works Expenditures per Service Population	\$79.98	\$79.98	\$79.98	\$79.98	\$79.98	\$79.98
Net New Public Works Expenditures from New Development						
Net New Service Population [b]	25	100	110	45	70	40
Total New Public Works Expenditures from New Development	\$2,000	\$7,998	\$8,798	\$3,599	\$5,599	\$3,199

Notes:
[a] The total service population is defined as the total resident population plus one half of the employment.
[b] The net new service population is defined as the total new resident population as a result of development plus one half of the new employment population as a result of development.

Source: City of Minneapolis FY 2011 Recommended Budget; BAE, 2010.

Table X: Projected Health and Family Support Department Expenditures from New Development

	Baseline Reference	Condominium Scenario	Apartment Scenario	Job Generating HQ	Job Generating Office	Job Generating Office/ Industrial
FY 2011 General Fund Expenditures						
Health and Family Support	\$3,334,884	\$3,334,884	\$3,334,884	\$3,334,884	\$3,334,884	\$3,334,884
Total Service Population [a]	384,997	384,997	384,997	384,997	384,997	384,997
Health and Family Support Expenditures per Capita	\$9	\$9	\$9	\$9	\$9	\$9
Net New Health and Family Support Expenditures from New Development						
Net New Service Population [b]	25	100	110	0	0	0
Total New Health and Family Support Expenditures from New Development	\$217	\$866	\$953	\$0	\$0	\$0

Notes:
[a] The service population is defined as per capita, as residents would only receive services from this department.
[b] The net new service population is defined as the total new resident population as a result of new development.

Source: City of Minneapolis FY 2011 Recommended Budget; BAE, 2010.

Projected Civil Rights Department Expenditures from New Development

	Baseline Reference	Condominium Scenario	Apartment Scenario	Job Generating HQ	Job Generating Office	Job Generating Office/ Industrial
FY 2011 General Fund Expenditures						
Civil Rights Department	\$2,104,052	\$2,104,052	\$2,104,052	\$2,104,052	\$2,104,052	\$2,104,052
Total Service Population [a]	525,344	525,344	525,344	525,344	525,344	525,344
Civil Rights Department Expenditures per Service Population	\$4	\$4	\$4	\$4	\$4	\$4
Net New Civil Rights Department Expenditures from New Development						
Net New Service Population [b]	25	100	110	45	70	40
Total New Civil Rights Department Expenditures from New Development	\$100	\$401	\$441	\$180	\$280	\$160

Notes:
[a] The total service population is defined as the total resident population plus one half of the employment.
[b] The net new service population is defined as the total new resident population as a result of development plus one half of the new employment population as a result of development.

Source: City of Minneapolis FY 2011 Recommended Budget; BAE, 2010.

Projected General Government Expenditures from New Development

	Baseline Reference	Condominium Scenario	Apartment Scenario	Job Generating HQ	Job Generating Office	Job Generating Office/ Industrial
FY 2011 General Fund Expenditures						
General Government	\$58,587,864	\$58,587,864	\$58,587,864	\$58,587,864	\$58,587,864	\$58,587,864
Ratio of General Government to Expenditures Affected by Development	25%	25%	25%	25%	25%	25%
Net New General Government Expenditures from New Development						
Total New Expenditures Modeled from New Development	\$10,996	\$43,983	\$48,382	\$19,403	\$30,182	\$17,247
Total General Government Expenditures from New Development [a]	\$2,803	\$11,211	\$12,332	\$4,946	\$7,693	\$4,396

Notes:
[a] New general government expenditures are expected to be 25% of the additional new expenditures modeled.

Source: City of Minneapolis FY 2011 Recommended Budget; BAE, 2010.